

# EXHIBIT 4

1  
2 IN THE UNITED STATES DISTRICT COURT  
3 FOR THE DISTRICT OF PUERTO RICO  
4 Case No. 17-BK-3283-LTS

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4 In re:  
5 THE FINANCIAL OVERSIGHT AND MANAGEMENT  
6 BOARD FOR PUERTO RICO,

as representative of

7 THE COMMONWEALTH OF PUERTO RICO, et al.,

8 Debtors.

9 -----x

Case No. 17-BK-4780-LTS

10 -----x

In re:

11 THE FINANCIAL OVERSIGHT AND MANAGEMENT  
12 BOARD FOR PUERTO RICO,  
13 as representative of  
14 THE PUERTO RICO ELECTRIC POWER AUTHORITY,  
15 Debtor.

-----x

16 May 3, 2023

10:00 a.m.

17  
18 VIDEOTAPED DEPOSITION of DAVID SKEEL,  
19 held at the offices of Kramer Levin  
20 Naftalis & Frankel LLP, located at 1177  
21 Avenue of the Americas, New York, New York  
22 10036, before Anthony Giarro, a Registered  
23 Professional Reporter, a Certified Realtime  
24 Reporter and a Notary Public of the State  
25 of New York.

1 DAVID SKEEL

2 Q What's your understanding of  
3 the basis upon which the number was  
4 increased by \$280 million?

5 A My understanding is the  
6 basis was increased to incorporate a  
7 settlement with National.

8 Q So, in other words, the  
9 board was proposing that PREPA could  
10 issue an additional \$280 million worth of  
11 bonds in order to finance the National  
12 settlement?

13 A That is my understanding,  
14 yes.

15 Q Between December when the  
16 first plan of adjustment was issued and  
17 February 9th, did the board or its  
18 advisors come to a different view about  
19 how much was affordable for PREPA?

20 A I don't remember. The  
21 affordability analysis is continuously  
22 being refined. But I don't remember  
23 there being a new view.

24 Q Let me make sure the  
25 record's clear on that.

1 DAVID SKEEL

2 agreement, an RSA with bondholders and  
3 monolines in 2018 and then 2019?

4 A Yes, I do.

5 Q And the oversight board  
6 agreed to -- I'll just call it the RSA.  
7 Will you understand what I  
8 mean?

9 A Yes, what I call the 2019  
10 RSA.

11 Q Yes.  
12 The board agreed to the 2019  
13 RSA; right?

14 A The board did agree.

15 Q And the ad hoc group of  
16 bondholders were a party to that RSA?

17 A The ad hoc group were a  
18 party, yes.

19 Q And other monolines?

20 A Other monolines, yes, were a  
21 party.

22 Q Forgive me if I asked you  
23 this.

24 But you personally agreed to  
25 the terms of that RSA?

1 DAVID SKEEL

2 A I personally did agree.

3 Q Did you believe at the time,  
4 that agreement was in PREPA's best  
5 interest?

6 A At the time, I believed it  
7 was in PREPA's best interest.

8 Q And you believed that the  
9 deal was affordable from the perspective  
10 of PREPA and its rate payers?

11 A At the time we signed it, I  
12 believed it was affordable.

13 Q Otherwise, you wouldn't have  
14 agreed to it; right?

15 A Yes.

16 Q And you've said you are  
17 driven by the requirements of PROMESA.

18 Did you consider that the  
19 2019 RSA was consistent with the  
20 requirements of PROMESA?

21 A When we entered into the  
22 requirements of PROMESA, I believed the  
23 2019 RSA was consistent with them.

24 Q The term sheet for that RSA  
25 provided for an exchange ratio between a

1 DAVID SKEEL

2 predict fuel prices.

3 Q Did you think that inflation  
4 in Puerto Rico was going to continue to  
5 be a problem over the coming decades?

6 A I didn't have a particular  
7 prediction about inflation.

8 Q And did you think that the  
9 COVID-19 pandemic would persist over the  
10 coming decades?

11 A I would have thought that at  
12 some point, the pandemic would end.

13 Q You could put that aside.  
14 The board has reached a PSA  
15 with National; is that correct?

16 A That is correct.

17 Q What is National?

18 A National is a monoline  
19 insurer.

20 Q Do you know from memory what  
21 the terms of that settlement are in terms  
22 of the exchange rate?

23 A I know the basic terms, yes.

24 Q I'll represent to you that  
25 the exchange ratio is 71.65 percent.

1 DAVID SKEEL

2 Does that sound correct to  
3 you?

4 A That is correct.

5 Q And then there's some  
6 additional fees that are called for to be  
7 paid to National; right?

8 A That is correct.

9 Q Did you approve that  
10 settlement?

11 A I initially voted against  
12 it. And then I later approved it.

13 Q What changed your mind?

14 A What changed my mind was  
15 that when considering the benefits of  
16 that settlement and weighing it against  
17 the burden of the settlement and the  
18 risks created by the settlement, the  
19 board as a whole had concluded that it  
20 was a good settlement. And I came to  
21 agree with the board as a whole.

22 Q Why did you initially vote  
23 against it?

24 A Initially, I weighed those  
25 same costs and benefits of the

1 DAVID SKEEL

2 settlement, put them together and  
3 concluded that the costs were a little  
4 bit greater than the benefits.

5 Q Would you agree with me that  
6 pursuant to the plan of adjustment, the  
7 non-settling bondholders under all  
8 scenarios recover less than  
9 71.65 percent?

10 A That is not accurate.

11 Q What is inaccurate about it?

12 A It's inaccurate -- well,  
13 actually, let me correct that. The  
14 settling bondholders can recover more  
15 than the non-settling bondholders cannot.  
16 I stand corrected.

17 Q And the non-settling  
18 bondholders, when I say under all  
19 scenarios, I mean litigation scenarios  
20 and other scenarios identified in the  
21 plan of adjustment.

22 Under all scenarios, the  
23 non-settling bondholders recover less  
24 than 71.65 percent; right?

25 A On all the scenarios that



1                                   DAVID SKEEL

2       are included in the current plan of  
3       adjustment, yes, the non-settling  
4       bondholders recover, yes.

5                           And I'll just add one  
6       qualification to that. I think it's  
7       accurate, your statement is accurate.  
8       But if the non-settling bondholders  
9       vote -- if the class votes yes, they're  
10      entitled to the CVI in the plan. So you  
11      would have to figure out what the CVI  
12      gives. But I think you're correct, that  
13      it ends up -- under plausible  
14      possibilities, I think it ends up being  
15      less.

16                   Q           And the same is true for the  
17      other monolines; Assured, for example,  
18      under the plan obtains less than  
19      71.65 percent?

20                   A           That is correct.

21                   Q           And the difference is not  
22      trivial; it's a material difference,  
23      isn't it?

24                               MR. FIRESTEIN: Objection,  
25      vague.

1 DAVID SKEEL

2 A The difference between what  
3 National recovers under the plan as it's  
4 currently written and what the  
5 non-settling bondholders and monolines  
6 recover is meaningful. Again, it would  
7 depend on what the CVI possibility is.

8 Q In the 2019 RSA that we  
9 looked at, the other monolines, besides  
10 National and the ad hoc group, the  
11 bondholders all got the same exchange  
12 rate; right?

13 A I believe that is correct.

14 Q Is it your view as a board  
15 member that National's different  
16 treatment from other bondholders and  
17 monolines is necessary to PREPA's  
18 reorganization?

19 A I don't know whether -- I  
20 would say necessary because that involves  
21 speculation about different possibilities  
22 for reorganization. What I will say is,  
23 it is an important piece of what we think  
24 is a confirmable plan of adjustment.

25 Q Why do you say that?

1                                   DAVID SKEEL

2       structure of the settlement.

3               Q               What was the benefit -- what  
4       were the benefits that you believe that  
5       the board and PREPA would have gotten by  
6       entering into that settlement?

7               A               The benefits were that they  
8       compromised their claim at less than 100  
9       cents on the dollar. And we thought it  
10      was a pretty strong claim. They are a  
11      sizable claim that is now supportive of  
12      the plan and will vote in favor of the  
13      plan of adjustment and will not object to  
14      the plan of adjustment. And all of those  
15      were attractive benefits.

16              Q              And can you identify what in  
17      particular swayed the board to accept an  
18      84 percent recovery rate?

19                           MR. FIRESTEIN: I think the  
20      form of your question seeks  
21      deliberative process. I'll instruct  
22      the witness not to answer. He's  
23      already told you what his  
24      understanding was of it. You can  
25      reframe, if you wish.

1 DAVID SKEEL

2 Syncora's contractual relationship with  
3 PREPA?

4 A No, I have not.

5 Q Have you ever looked at  
6 National's contractual relationship with  
7 PREPA?

8 A No. I don't believe I have,  
9 no.

10 Q Do you have any basis to  
11 say, one way or the other, whether  
12 Syncora's rights with respect to PREPA  
13 are any different than National's rights  
14 with respect to PREPA?

15 A I don't have a basis, no.

16 Q Your emphasis on the word I  
17 makes me think someone else might have a  
18 basis.

19 Do you know who that person  
20 might be?

21 A Our lawyers may have a  
22 basis. I just don't know.

23 Q But you don't yourself?

24 A Sitting here today, no, I  
25 don't.

1                                   DAVID SKEEL

2       entitlement to recovery on account of its  
3       claims, which are unsecured, other than  
4       the approximately \$17 million in the  
5       sinking fund?

6                           MR. FIRESTEIN:   It's an  
7       incomplete hypothetical.

8                           MR. BASSETT:   I'll strike  
9       the question.   I'll rephrase it.

10           Q           So assuming that the  
11       National -- assuming that the summary  
12       judgment decision is not overturned on  
13       appeal, then National only has a secured  
14       claim to the extent of the moneys in the  
15       sinking fund; correct?

16           A           That is correct.

17           Q           Aside from that secured  
18       claim, on account of whatever unsecured  
19       claim National ends up having against  
20       PREPA, would National have any greater  
21       legal entitlement to recovery than other  
22       general unsecured creditors?

23                       MR. FIRESTEIN:   Calls for a  
24       legal conclusion, lacks foundation.  
25       You can answer if you understand.

1 DAVID SKEEL

2 A National's deficiency claim  
3 would be an unsecured claim with the same  
4 status as general unsecured claims.

5 Q So other than the likelihood  
6 of that decision being overturned on  
7 appeal, can you think of any reason why  
8 National's claim is different than  
9 general unsecured claims for purposes of  
10 the 1129(b)1 analysis we talked about  
11 earlier?

12 A Subject to the same  
13 qualifications. If we're talking about  
14 just not the secured portion, we're  
15 talking about the deficiency claim, it  
16 does seem to me that it has the same  
17 stature as a general unsecured claim or  
18 would.

19 Q And it's also possible that  
20 an appeal or -- you understand that it's  
21 possible that the district court will  
22 decide that bondholders have an unsecured  
23 deficiency claim much lower than  
24 \$8.5 billion?

25 A I understand that that is